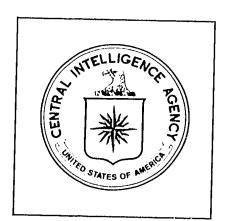




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STAFF NOTES:

Western Europe Canada International Organizations

- State Department review completed
- NSA review completed

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WESTERN EUROPE - CANADA - INTERNATIONAL ORGANIZATIONS

This publication is prepared for regional specialists in the Washington community by the Western Europe Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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State Department & NSA review(s) completed.



Intercommunal Talks Postponed

The third round of intercommunal talks that was scheduled to be held in Vienna tomorrow under the auspices of UN Secretary General Waldheim have been postponed, because of developments in the Middle East. The talks will resume next week.

In the meantime, the EC nine on July 21 made a demarche to Greek and Turkish Cypriot leaders, as well as to Athens and Ankara, urging that neither side take any unilateral actions that would disrupt the negotiations. The EC specifically asked Turkish Cypriot leader Denktash to renounce the extreme position he had taken the day before when he threatened to expel five Greek Cypriots from the north for every Turkish Cypriot that was prevented from leaving the south.

Although Denktash defended his position on the expulsions, he later moderated his stand by hinting to reporters that his plan to expel Greeks from the north might be postponed, presumably at least until after the Vienna talks are held. Denktash also offered the conciliatory comment that he and Greek Cypriot leader Clerides had made further progress toward resolving problems relating to exchanges of population and that he was now ready to carry out his part of the bargain.

If the Greek Cypriots refuse Turkish proposals at Vienna the Turks expect Cypriot President Makarios to take the Cyprus problem once more to the UN. This prospect does not disturb the Turks who believe that they have rallied sufficient Arab support to ensure a sympathetic hearing for their side.

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Austrian People's Party To Select New Leader

The Austrian People's Party will hold a special congress on July 31 to elect a new chairman to replace Karl Schleinzer, who died in an auto accident last weekend. Schleinzer's death probably wrecked the party's already minimal chances of ousting the incumbent Socialists in the national elections in October.

Thus far, speculation about possible successors has been sparse. The People's Party lacks good leadership timber, and the various factions may settle on an innocuous compromise candidate just to enable the party to "get through" the election period. Party stalwart Alois Mock, who has represented labor interests in the party, is fairly well-known nationally and has the necessary experience and agreeable personality to make him a contender.

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West European Socialists to Discuss Fortuguese Situation

West European socialist leaders plan to meet in Stockholm on August 2 to devise means to support the Portuguese Socialist Party.

Former West German chancellor Brandt, Austrian Chancellor Kreisky and Swed sh Prime Minister Palme plan to take advantage of the presence of European leaders at the European security conference summit in Helsinki to organize the Stockholm meeting. all the leaders who have been invited attend, the meeting will bring together the heads of government of Norway, Sweden, Denmark, Finland, The Netherlands, West Germany, Austria and the UK. Both of the veteran Italian leaders, Pietro Nenni and Giuseppe Saragat, will probably be invited, as will the French Socialist leader, Francois Mitterrand. Swedish secretary of state has said that Portuguese party chief Soares told him last weekend that he expects to attend, but if events make this impossible he will send another leading party official.

The organizers intend to issue a communique which would have a significant impact in further marshaling international opinion behind Portuguese democratic forces, given the prestige and influence of the participants. The leaders probably will also take advantage of this opportunity to discuss the possible coordination of additional measures to help the Portuguese. The Socialist International bureau issued a statement shortly after Soares and the Socialists withdrew from the Lisbon government appealing to all fraternal parties to support the Portuguese socialists and to provide financial aid to the Portuguese government.

In a related development, EC Commissioner Soames told the US Mission to the EC earlier this week that the EC heads of government at their recent meeting agreed to warn Soviet leader Brezhnev privately during the Helsinki meetings against potential Soviet interference in the Portuguese situation.

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Friction Between Norway and the Soviet Union

Disagreement over national boundaries in the Barents Sea and administrative problems on Svalbard continue to strain $r \in lations$ between Norway and the Soviet Union.

The Soviets recently hinted at a package deal to settle the question of dividing the continental shelf in the Barents Sea and solving the Svalbard problem. The Soviets have implied that their position may soften if Norway adopts a policy on petroleum exploration and exploitation off North Norway that accords with Soviet interests.

Norway backs a median or equidistant line to divide the shelf, while the Soviets want a "sector line" giving them more territory. Sporadic talks between the two countries have so far failed to produce an agreement. A Soviet official recently suggested that both sides should suspend activity in the disputed area pending an agreement.

The Soviet community on Svalbard--currently numbering about 2,000--is pressing Norway for "administrative reforms." While the Norwegians admit that some revision may be necessary, they are concerned that the reforms would infringe on Norways' sovereignty over the area.

The Norwegians also are annoyed that the Soviets have ignored regulations requiring helicopters flying into Svalbard to be licensed.

Soviet scientific expeditions have not requested permission to use radio transmitting equipment. In addition, the Soviets have not complied with Norwegian oil-drilling safety regulations.

The Norwegian decision to limit invitations to the 50th anniversary celebration of the Svalbard treaty on August 14 to ambassadors resident in Oslo has irritated the Soviets. The Norwegians originally intended to invite each signatory to send two representatives, but changed their mind in order to keep the level of representation equal and to prevent the Soviets from sending a high-level delegation.

The Norwegians have repeatedly insisted that they intend to maintain tight control over exploration and development in the Svalbard archipelago. The Soviets regard extensive economic activity in the area as a hindrance to their right of free passage to and from their large military bases on the Kola peninsula.

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The continuing friction between Norway and the Soviet Union is making the Norwegians edgy. Norwegian Foreign Minister Frydenlund recently expressed concern to British officials over what he described as the growing Soviet threat to Norway. In addition to the Barents Sea dividing line and the Svalbard problem, which Frydenlund singled out as the greatest potential threat to Norway, the Foreign Minister listed border problems in the far north and the growth of the Soviet embassy staff in Oslo as straining bilateral relations.

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ANNEX

Turkey Looks to the Arabs

The Turks have launched a concerted effort to expand relations with neighboring Arab states. Turkey's attempts to cultivate its Arab and Moslem neighbors were underscored at last week's Islamic Foreign Ministers Conference in Jidda, where Turkey conditionally accepted a resolution calling for Israel's expulsion from the U.N. General Assembly and, to everyone's surprise, offered to host next year's conference.

Turkish Foreign Minister Caglayangil and Turkish Cypriot leader Denktash have been shuttling around the Arab world seeking to neutralize Arab support for the Greek Cypriots. They have been emphasizing Turkey's historic ties with the Islamic nations, alleged Greek desecrations of Moslem religious sites in Cyprus, and, most importantly, Turkish support for the Arabs in their dispute with Israel.

Turkey's relations with Israel have been on the decline for the past ten years, but have taken a turn for the worse since the 1973 war and the latest Cyprus imbroglio. The Turks have come under heavy pressure from Saudi Arabia, Iraq, and Libya to break relations with Israel in exchange for economic and political support.

At the

same time, however, Turkey is

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--calling for Israel to withdraw from occupied Arab lands, Jemusalem in particular, and to

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grant the Palestinians their "legitimate
rights";

- --inviting the PLO to open an office in Turkey;
- --refusing to allow the US to use Turkish facilities to resupply Israeli forces while permitting some Soviet overflights in support of Arab countries;
- --sponsoring a U.N. resolution condemning Israeli "desecrations" of Moslem holy places in Jerusalem.

Turkey's efforts to maintain relations with Israel while currying favor with the Arabs could run into difficulty this fall. Turkey may find herself called upon to vote yes or no on Israel's expulsion from the U.N. The Saudi undersecretary for political affairs predicted recently that Turkey will find it difficult to withstand Arab pressure to vote for Israel's removal. A no vote by the Turks would foreclose any further Arab or third world support on the Cyprus problem. A yes vote, or even an abstention, on the other hand, runs the risk of alienating Congress, not to mention the Israelis.

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Although the need for diplomatic backing has been the main impetus for Turkey to expand its Arab ties, other, less ephemeral factors also contribute.

Like her European neighbors, Turkey has been seeking a guaranteed oil supply at concessionary rates. To help insure a steady flow of oil Turkey signed an agreement last January with Libya which will supply the Turks with 60,000 barrels of oil a day. During last year's fighting on Cyprus, Libya shipped emergency consignments of gasoline to the Turkish Air Force.

Turkey has also completed an agreement with Iraq for construction of a joint crude oil pipeline from Iraq to Turkey's Mediterranean coast. where a refinery will be built. Under the agreement, Baghdad will pay Ankara \$.35 per barrel of crude for transit and terminal fees and will guarantee Ankara's petroleum supply. In return, Ankara will purchase 200,000 barrels per day beginning in 1977.

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Turkey's foreign currency reserves, which had grown by \$728 million in 1973, decreased by \$430 million in 1974, largely because of higher oil prices and a pronounced slowdown in workers' remittances. To offset the reduced capital inflow, Caglayangil, during his visit to the Persian Gulf this week, has laid the groundwork for expanded economic, political, and cultural cooperation with Kuwait, Bahrain, and Qatar. The Turkish-Libyan accord also calls for shifting 4,000 Turkish workers from Europe to Libya and for Turkey to help meet Libya's food import requirements with sheep and cattle.

Domestic politics have also contributed to Turkey's increased interest in developing ties with the Arabs. Necmettin Erbakan, leader of the Islamic fundamentalist National Salvation Party (NSP), currently serves as deputy prime minister

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in Demirel's coalition government. Erbakan and his supporters have long agitated for closer ties with the Islamic world, as opposed to NATO and the "secularized" governments of Western Europe. Erbakan has made numerous visits to Arab states and last year became the first cabinet minister to make the pilgrimage to Mecca in the fifty-year history of the Turkish Republic.

While both Turkey and the Arabs recognize the economic and diplomatic benefits of improved relations, there are practical limits on how far either side can proceed. After centuries of Ottoman occupation, the atavistic mistrust between Turks and Arabs still persists. For the Turks ever to qualify for large scale Arab subventions, they would have to break all ties with Israel, and, at the very least, lessen ties with NATO and take on a more non-aligned foreign policy. The Turks are not ready to do either.

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